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C O N F I D E N T I A L SECTION 01 OF 02 DUBAI 000481

SIPDIS

E.O. 12958: DECL: 12/23/2018

TAGS: PGOV PREL IR EFIN

SUBJECT: IRAN: A TEHRAN DEPUTY MAYOR DISCUSSES QALIBAF'S CANDIDACY AND THE MUNICIPAL BUDGET

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CLASSIFIED BY: Ramin Asgard, Director, Iran Regional Presence Office, DOS.

REASON: 1.4 (b), (d)

¶1. (C) Summary: Tehran Deputy Mayor and head of Tehran's Urban Beautification Organization Hojatollah Mollasalehi told us in a brief meeting on December 18 that Tehran Mayor Qalibaf had not decided whether to run for president or not. Qalibaf's decision would depend on the prospects of President Ahmadinejad's re-election. He said Ahmadinejad's hopes, in turn, hinge on USG actions. Mollasalehi also discussed Tehran's finances and Qalibaf's tenure as mayor. End Summary.

¶2. (C) IRPO officer on December 18 met briefly with Tehran Deputy Mayor Hojatollah Mollasalehi in Dubai. Mollasalehi has applied for a visa to travel to the U.S. to visit family. Mollasalehi was friendly and willing to discuss matters, but did not directly answer questions, particularly regarding Qalibaf.

Qalibaf Bides His Time

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¶3. (C) Mollasalehi said Qalibaf's participation in the presidential election depends on the situation and then assessed that President Ahmadinejad's re-election hopes hinge on USG actions. Mollasalehi indicated that Ahmadinejad could win re-election if either ties between the IRIG and the USG improve, which would allow Ahmadinejad to take credit, or if the USG takes more aggressive action against Iran, prompting Iranians to rally around the president. When asked if the Iranian people would actually credit Ahmadinejad for improved Iran-USG ties, he responded that the educated people would not, but many others would.

Tehran's Expanding Budget

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¶4. (C) Mollasalehi, one of several Deputy Mayors, joined the Tehran Municipality two months after Qalibaf became Mayor in ¶2005. He has since then headed the Urban Beautification Organization, which has assumed more importance under Mayor Qalibaf. Mollasalehi said the organization's budget has increased from USD 10 million under President Ahmadinejad, the former mayor, to USD 400 million. He said the beautification program is quite popular among Tehran's residents.

¶5. (C) Tehran's broader budget has also expanded under Qalibaf, according to Mollasalehi. He said the budget had previously

been USD 1.4 billion dollars and is now several times that size. When asked how the city was able to raise more money, he responded that the city now has better management. He explained that the city has three sources of revenue, selling building permits for the construction of new buildings, selling advertising space, and taxes. (Comment: Mollasalehi did not break down what percentage each of these sources contribute to the overall budget, but Tehran in the past few years has experienced a real estate and construction boom, which presumably also figures prominently in Tehran's burgeoning budget).

¶6. (C) Mollasalehi indicated that Tehran does not receive any support from the central government the relationship between Ahmadinejad and Qalibaf remains poor. When asked if Tehran received support from the central government during the Khatami presidency, he noted that the relationship between Khatami and Ahmadinejad had also been adversarial.

COMMENT

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¶7. (C) Mollasaheli's contention that Ahmadinejad now finds himself in the ironic position of depending on USG action to assure his re-election is one other IRPO contacts have made recently. We have also heard that Qalibaf is not a favorite of Ayatollah Khamenei, and he may be hesitant to publicly express his candidacy without some sign from the Supreme Leader. Nevertheless, Qalibaf has solid support and popularity in Tehran, and as the city's increasing budget shows, has established himself as an able politician and administrator. End

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